



**Carlos Jackson**  
Executive Director

**HOUSING AUTHORITY  
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • TTY: 323.838.7449 • [www.lacdc.org](http://www.lacdc.org)



**Gloria Molina**  
**Yvonne Brathwaite Burke**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
Commissioners

June 5, 2007

Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE THE FISCAL YEAR 2007-2008 BUDGET OF THE HOUSING AUTHORITY  
(ALL DISTRICTS)  
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY:**

1. Adopt the attached Resolution (Attachment A) approving the Housing Authority's Fiscal Year 2007-2008 Budget, which includes revenues and expenditures of \$286,120,000.
2. Instruct the Chair to sign the Resolution approving the Housing Authority's Fiscal Year 2007-2008 Budget, and the related Transmittal Resolution (Attachment B) certifying submission of the budget by your Board to the U.S. Department of Housing and Urban Development (HUD).
3. Instruct the Chair to adopt and sign the attached Resolution (Attachment C) approving the cost allocation model developed in conjunction with the Housing Authority's outside auditors, Klynveld Peat Marwick Goerdeler (KPMG), in April 2002.
4. Authorize the Housing Authority to institute a General Salary Adjustment at a maximum combined amount of 10% over the next 3 years, as approved by the Board of Supervisors for County non-represented employees.

5. Instruct the Executive Director to implement the Budget and take all related actions, including execution of all required documents, for the purposes described herein following approval as to form by County Counsel.
6. Find that the approval of the Budget is not subject to the California Environmental Quality Act (CEQA), as described herein, because the activities are not defined as a project under CEQA.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:**

The purpose of this action is to approve the Fiscal Year 2007-2008 Budget of the Housing Authority. HUD requires that the Board of Commissioners approve the Fiscal Year 2007-2008 Budget prior to the release of funds for continued operation of the Housing Choice Voucher (Section 8) Program, the Conventional Public Housing Program, and seven residential and community assistance programs.

In a recent financial management review conducted by HUD, it was recommended that the Housing Authority receive formal approval for its cost allocation plan that was developed in 2002 by KPMG, a national accounting and auditing firm. The details of the allocation plan were submitted to your Board under separate cover on May 9, 2007.

During a review of the Commission and Housing Authority's compensation study in October 2006, it was recommended that the agency implement a general salary adjustment in order to help retain staff. This is a new endeavor and it is being modeled after the County's general salary adjustment. The Chief Administrative Officer's (CAO) staff concurred with the recommendation and advised the Housing Authority to keep its increases comparable to non-represented County employees, who were authorized on November 21, 2006 to receive a 10% salary adjustment over the next 3 years. The Housing Authority has budgeted for, and is recommending, a 5% adjustment for all employees effective July 1, 2007, and 2.5% on July 1<sup>st</sup> for the remaining two years.

**FISCAL IMPACT/FINANCING:**

The Fiscal Year 2007-2008 Budgets total \$430,278,700, which is comprised of \$144,158,700 for the Commission and \$286,120,000 for the Housing Authority. The budgets consist primarily of federal funding provided by HUD for housing and community development programs. Local revenue sources consist of public housing dwelling rental income and redevelopment tax increment funds, including those administered on behalf of the City of Industry.

The Housing Authority's Fiscal Year 2007-2008 Budget of \$286,120,000 is an increase of \$9,098,600 over Fiscal Year 2006-2007. This increase is primarily due to the availability of

additional funding from reserves for the Section 8 Housing Assistance Payments (HAP) to landlords. In addition, the Office of Community and Educational Partnerships (OCEP) is now included under the Housing Authority at a total budget of \$1,867,600. The budget also includes a request to the CAO for \$410,000 in County general funds to support the University of California Cooperative Extension Program.

The Commission and Housing Authority will continue to monitor federal regulatory and legislative developments, and review cost-reduction measures to respond to the changing needs in the County to mitigate any future reductions in federal funding.

### **MAJOR FUNDING SOURCES**

In Fiscal Year 2007-2008, Housing Authority programs will be supported by four major funding sources. The Conventional Public Housing Program funding is comprised primarily of \$6.2 million in operating subsidies, \$11.4 million in rent revenues, and \$11.1 million in public housing modernization funds. Section 8 revenue is budgeted at \$230.4 million.

A total of \$12.3 million in Commission and Housing Authority general funds and reserves are budgeted for Fiscal Year 2007-2008. These funds will be used for priority initiatives that require additional funding, such as technology enhancement projects to increase productivity and quality of services, and support services that promote self-sufficiency for families participating in Housing Authority programs.

As required under California Government Code section 65584.3, the Housing Authority receives allocations of tax increment funds from the City of Industry to develop housing for low-income individuals, families, and special needs populations. These funds, budgeted at \$9,011,600, are allocated to the Housing Authority and are included in its Budget, but are administered by the Community Development Commission, which also serves as the redevelopment agency for the County. To date, a total of \$119 million has been awarded in City of Industry funds, leveraging approximately \$790 million to develop 4,511 units of affordable rental, homeownership and special needs housing units.

### **STAFFING**

In Fiscal Year 2007-2008, the number of regular positions will remain constant.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

In January 2001, the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2007-2008 marks the seventh year the Housing Authority will be submitting a capital budget that details ongoing and future projects. The Fiscal Year 2007-2008 operating budgets include \$3.9 million in Housing Authority capital projects.

On May 22, 2007, your Board approved the 2007-2008 One Year (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG funding by the Housing Authority. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2007-2008 Budgets. A total of \$4,591,896 in CDBG funds allocated by HUD will be administered for public housing improvements and resident services. The total CDBG allocation is comprised of \$933,000 carried over from Fiscal Year 2006-2007, and the new allocation of \$3,658,896 for Fiscal Year 2007-2008.

Adoption of the attached Resolutions approving the Fiscal Year 2007-2008 Budget is necessary to establish new fiscal year appropriation authorities for the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify approval of the Housing Authority's operating budget.

County Counsel has approved the attached Resolutions as to form. On April 25, 2007, the Housing Commission recommended approval of the Housing Authority Fiscal Year 2007-2008 Budget and related actions.

#### **CONTRACTING PROCESS:**

City of Industry Tax Increment Funds are allocated to developers through an annual competitive proposal process. These funds are used to develop multi-family rental, senior rental, affordable for-sale and special needs housing within a 15-mile radius of the City of Industry.

The CDBG funds are allocated to projects that address housing needs within the County.

#### **ENVIRONMENTAL DOCUMENTATION:**

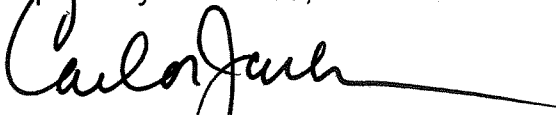
Approval of the Housing Authority's Fiscal Year 2007-2008 Budget is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b), because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

#### **IMPACT ON CURRENT SERVICES AND PROJECTS:**

Approval of the Fiscal Year 2007-2008 Budget will enable the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County.

Honorable Board of Commissioners  
June 5, 2007  
Page 5

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Carlos Jackson', with a long horizontal flourish extending to the right.

CARLOS JACKSON  
Executive Director

Attachments: 3